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Origin

ACTION: Amembassy ROME

Info:

~~STATE~~

SUBJECT: CivAir: Informal Talks with General Santini

REFERENCE: State 032423

1. Informal talks with General Santini and Mr. Leccesse (Alitalia) during March 24 and 25 dealt almost entirely with problem of multiple designation. As had been suggested in letter to General Santini (reftel), USReps attempted explore possibility of deferring US carrier designation on Atlanta/Dallas route for period of years, or alternatively of basing agreement on another route for Italy that would not present same problems presented by Atlanta/Dallas as means of possibly overcoming multiple designation issue. Santini, however, was unwilling to accept any formulation which did not explicitly limit US to status quo. So whether on Atlanta/Dallas route or on alternative route (round-the-world route for both sides was discussed) the possibility that USG might wish to designate an additional carrier, even if remote, remained the point that was unacceptable to the Italians. The only two arrangements acceptable to Santini were either (1) that the whole issue of multiple designation be deferred for period of years, during which time each side would reserve its position or (2) that Italy could consult on any potential designation with ultimate veto power. A number of possibilities for

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bridging this gap between two positions were explored but none were found mutually acceptable.

2. Despite substantive differences talks were amicable. Santini at one point did indicate that GOI might be compelled (perhaps even by March 31) to terminate US traffic rights beyond Rome in order balance economic benefits under present agreement. However, at conclusion of talks, Santini merely expressed gratification at efforts made to find solution. Both sides agreed to present results of talks to respective Governments and to be in communication to see what might be done in future.

3. If Foreign Ministry officials raise matter with Embassy, would be useful Embassy ~~XXX~~ reassure them that USG fully desires reach agreement with Italy and will continue its efforts find basis for dealing with multiple designation problem, ~~that would be acceptable to Italy~~. Embassy should emphasize that problem essentially optical particularly if Atlanta/Dallas excluded from trade ~~and~~ since chances US would proceed to designate additional carriers would not in Department's opinion be great. On other hand USG cannot accept explicit statement limiting multiple designation principle in view world wide policy implications. For this reason, veto power insisted on by Santini cannot be accepted by USG. If Italians mention possibility that US carrier operations would be curtailed, Embassy should note that this would only serve to make problem of reaching agreement even more difficult and might have other undesirable consequences.

END

ROGERS

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